



Proposal for Webinar Two of the Four-Webinar Series

Health Financing in India in time of Pandemic

Organized by P4H in collaboration with



Introduction

COVID-19 presents an opportunity for the governments to re-evaluate priorities & accountabilities towards social health protection and health financing to sustain improvements in population health, including for ensuring pandemic preparedness and economic performance.

In this scenario, India needs to evaluate what has worked and what has not in financing healthcare and providing access to care to its people, sharing this knowledge with policymakers.

This proposed webinar series aims to bring together national and international health systems and financing experts, economists, researchers to discuss the throbbing health financing & social health protection issues in the country facing a deadly pandemic and suggest a way forward. The exchange is expected to churn out insights/ knowledge products that could guide the design of health financing products/ services/ tools to better support the Indian health financing programs across the country.

This webinar series will be realised by P4H and its various founding members, in a collaborative knot with Access Health International (AHI) and India Health Systems Collaborative (IHSC), who bring together premier institutes working on health financing, backed by the P4H Network for Health Financing & Social Health Protection.

The first webinar titled “Health Financing Arrangements for Universal Health Coverage (UHC) in India” was organized on 18th August 2021 and was attended by 93 national and international health financing experts and researchers. The rich discussions by the panellists paved way for the next webinar which will focus on health financing arrangements during COVID-19 and will explore the health financing choices for reducing catastrophes during the pandemic and regaining lost ground in UHC. (Click [here](#) to know more)

About us

P4H is a global health network aiming to improve social health protection and strengthen health financing systems to promote universal health coverage (UHC) in low- and middle-income countries. The network acts as a catalyst for fostering coordinated responses among network members, local institutions & ministries to accelerate countries' transitions to UHC.

The network also assists countries with UHC reforms by sourcing technical support, developing customised models, offering training programmes on health financing, and improving management & political leadership skills.

P4H has a well-established digital platform that enables health financing experts to connect, collaborate and share knowledge on a country's progress towards UHC. It offers a safe space for dialogue, triggering collaborations to improve efficiency and promote financial risk protection for health to those who need it the most.

Please visit our [website](#) to know more.

Concept Note

As the world continues to reel under the impacts of COVID-19, health systems across the globe get an opportunity to rectify the past mistakes, strengthen the public health sector, create an integrated continuum of care, and build a resilient and responsive system which can withstand this pandemic and future health needs of the population. In India the challenges of coping with and slowing the pandemic are compounded by absence of a social safety net, lack of access to basic social services, high population densities, poor working conditions, and inadequate living space that make social distancing exceedingly difficult.

In a health system with a crumbling public sector, private sector dominates the service provision market and have been allegedly reported to practice adverse selection during the pandemic by turning away patients having government financed health insurance coverage. Financing of health care continues to be dominated by regressive out-of-pocket (OOP) payments. In this context, it is of prime importance for India's health system to substantially increase its health investment and mount an effective public health response.

Economic Impact of COVID-19: COVID-19 is resulting in a deep economic contraction. India's economic growth fell from 4.7 % in 2019 to 9.6 % in 2020, as lockdowns and other containment efforts slashed domestic consumption without halting the spread of the disease, despite drastic fiscal and monetary stimulus (IMF estimates). *As a result of this contraction, unemployment, poverty, and income inequality rates are projected to rise.*

According to IMF, government revenue shares of GDP for India are projected to decline because of the pandemic. Tax revenue is expected to drop by 12.5% in 2020-21. Despite declining general government revenues, government expenditures are expected to rise as a share of GDP. It means increasing the capacity of health systems to manage the COVID-19 outbreak, as well as spending on social protection programs and other government efforts to stimulate the economy and mitigate the adverse economic effects of the lockdown with a massive increase in deficits.

COVID-19 & Health Financing:

Health financing refers to country specific arrangements relating to collection of revenue from different sources, contribution mechanisms, pooling of funds, purchasing of health services, defining, and rationing of health service benefits, payment method, and governance of these functions.

In India, revenues for health financing primarily come from mixed public and private sources in the form of general tax, health insurance, OOP payment and external funding which flows either via the government budget or directly to NGOs and health care providers. National Health Accounts 2016-17 estimates Total Health Expenditure (THE) for India at 3.8% of GDP, of which General Government Health Expenditure (GGHE) is 32% of THE or 1.2% GDP. This amounts to about 4.4% of General Government Expenditure (GGE). Household OOP Expenditure on health is 58.7% of THE or 2.2 of GDP.

Private health insurance accounts for 4.5% and NGOs for 1.5% of THE. External funding contributes only about 0.6% of THE.

There is a strong negative relationship between the public financing share of health vs OOP. The WHO's Global Health Expenditure Database suggests that countries where public spending on health is below 3 percent of GDP tend to have high OOP spending shares in total health spending that exceed 40 percent. For example, in India, public spending on health **as a share of GDP is just 1.2% and OOP spending on health is 59% of THE.**

High OOP expenditures due to health crises are a leading cause of indebtedness in the country. According to Global UHC Monitoring Report, WHO (2017), the impoverishment in India is 4.16% of the population which means around 50-55 million people spiral down into the poverty trap due to health expenditures. Lack of universal health coverage often leads to impoverishment with the poor bearing the heaviest burden. Pradhan Mantri Jan Arogya Yojana (PMJAY), with an aim to provide the poorest 40 per cent of the population with health insurance coverage for secondary and tertiary care packages at public and empanelled private hospitals is a ray of hope. At its best, PMJAY can expand access to private hospitals using public money, empower government hospitals to improve the quality of their services, and protect the poor and vulnerable from the costs of hospitalization. With private hospitals denying COVID-19 treatment to poor with PMJAY cards, the social protection net to the poor remains notional.

Widespread poverty and a large low-income population impact the ability to pay for health insurance. According to an estimate, only the top quintile of India's population can afford to pay some contributions to health insurance. This leaves the middle two quintiles, which number as many as 400-500 million may still be without health insurance. This is after accounting for people covered under social (public), private health insurance, and government employee coverage.

COVID-19 presented an opportunity to invest more in healthcare, be an outlier and rectify the past mistakes of ignoring the public health sector but the budget allocations by the Indian government was insufficient to address the existing health needs and the health needs due to COVID-19. The Fifteenth Finance Commission emphasized the need for strengthening the COVID-19-ravaged health sector by recommending sector-specific grants. The government did not accept the recommendation and the budget allocation for the sector has increased by hardly 10% compared to last financial year.

As a result, OOP spending has seen a sharp rise during the second wave of the COVID-19 primarily due to higher private hospitalisation costs, prolonged treatment duration, and black marketing of essential drugs, and medical equipment triggered by shortage. Several research reports suggest that healthcare inflation in the country has spiked due to higher treatment costs incurred by lakhs of families this year. This left lakhs of Indians poorer, given the fact that there are no tax concessions and income levels have remained static or reduced since last year.

The COVID-19 crisis hit an Indian economy that was already slowing. The shock to jobs was severe, and the worst at the lower ends of the employment structure where it affected large numbers of people. It is estimated that shrinking Indian economy pushed as many as 100 million people into poverty, and millions of informal sector workers lost their livelihoods.

The worst is not over yet. More than 30,000 cases are reported every day and most of the cases are from 5 states. There are questions like will the country face a spike in these cases, will there be another mutation in the virus or a third wave and if yes, when will it hit, how should the health system respond to these evolving situations that need answers and actions. They would also include while India strengthens the public health systems, how it can strategically purchase services from the private sector so as not to refrain anyone from availing healthcare services and where the government gets the additional money for health systems strengthening? Today, these questions are baffling health systems and health financing experts across the country.

Objective

To best prepare for the future, India should monitor and evaluate what has worked and what has not in health financing during the response phase and sharing this knowledge with policy makers domestically and internationally. This webinar focuses on the following:

1. The impact of COVID-19 and its implications on health financing in India.
2. How has the health systems responded to the pandemic? What are the notable examples of health systems initiatives in India & abroad that made considerable difference in the COVID-19 response?
3. What are the learnings for the future?

Agenda

Webinar Two: Health Financing in India in time of Pandemic

Date: 19th October 2021

Time: 2.30 – 4.00 PM IST

| | |
|--|--------------|
| Keynote Address* Susan Sparkes, WHO Geneva | 2.30-2.45 PM |
| Panel Discussion* <ul style="list-style-type: none">• Grace Kabaniha, WHO India• Vipul Aggarwal, National Health Authority, India• Owen Smith, World Bank• Mita Chaudhry, National Institute of Public Finance and Policy, New Delhi• Rahul Reddy, Health Systems Transformation Platform, New Delhi Facilitated by Tushar Mokashi, ACCESS Health International | 2.45-3.30 PM |
| Round of Questions from the Participants | 3.30-3.40 PM |
| Short Poll on key issues & interventions | 3.40-3.45 PM |
| Closing Remarks Tushar Mokashi | 3.45-4.00 PM |



Find us on:

www.P4H.world



Disclaimer

This document contains general as well as specific information about the P4H Network and is intended for informational purposes only. The information contained in this document are intended for its recipients only. Please refer to the P4H Network website www.P4H.world for further information concerning specific activities or contact a staff member of the P4H Network Co-ordination Desk.

Photo credits: Unsplash. No reproduction without permission.